

Mayor and Council Members

Recently I responded to some questions concerning the Library budget. At that time, we were in the late stages of working through the budget process and since then we have received some clarifications and more accurate information to what was sent to you. Please see the comments below to help better understand and provide more information:

In response to the recent submittal from the members of the Library Board, I would like to provide the following information for your consideration:

As you may recall, on ~~May 14, 2019~~ **April 7, 2020**, the Council voted to make the Library "Fine Free" effective July 1, 2019**20**. With the loss of the revenue the corresponding expenses were eliminated which made the action budget neutral.

In May and June of 2019, before finalizing the Fiscal Year 2019/20 budget, the City Manager instructed all City divisions to make reductions totaling \$30,000,000 City-wide as a result of anticipated revenue declines during the COVID-19 pandemic period. In response, Community Services cut the total division-wide budget by 10% which included Parks and Recreation, Human Services, the Preserve, and Library reductions. It is important to note that this reduction in budget dollars was a sole and separate event from the above referenced "Fine Free" Resolution.

Staff is currently preparing our Fiscal Year 2022/23 Budgets from each department which I will review prior to finalizing and submitting to Financial Services for their approval.

As a part of that process, staff is taking into consideration the following metrics in determining the required 2022/23 operating budget for the Library:

- **Attendance** – From 2014 through 2019 (last full 'pre-COVID' year) annual attendance declined by 268,771 patrons, a reduction of 20%.
- **Card Holders** – From 2016 up to today, the number of library card holders has declined from 216,872 to 92,137, a reduction of 57.5%. (Through recent marketing this fall, we issued 2,000 new cards.)
- **Circulation** - From 2014 through 2019 (last full 'pre-COVID' year) annual circulation declined by 494,390 items, a reduction of 16.6%. Additionally, 84.6% (418,088) of that decline were physical items.

Materials

- **The actual material budget**, including E-materials over the last 3 years has been trending consistently with the metrics for the Library, and are as follows (**which includes MCLAP funds**):
 - ✓ Fiscal Year 18/19 - \$1,220,578
 - ✓ Fiscal Year 19/20 - \$1,116,370
 - ✓ Fiscal Year 20/21 - \$ 803,993
- **The Library** also receives funding from the Maricopa County Library which the Council approves each year and is as follows:
 - ✓ Fiscal Year 18/19 - **\$408,879**
 - ✓ Fiscal Year 19/20 - **\$496,796**
 - ✓ Fiscal Year 20/21 - **\$489,549**
 - ✓ **Fiscal Year 21/22 - \$531,947 - approved in July 2021**
- **DVDs** – Prior to finalizing the 2020/21 budget, we determined that 48.9% are a result of lost/damaged/stolen DVD. The decision was made to reduce the FY20/21 budget for DVD purchases by \$100,000, a 50% reduction. To our knowledge there has been no negative feedback as a result of this reduction.

Ongoing impacts of COVID pandemic

- **2 branches were closed during FY 2020/21.** It is difficult at this time to forecast demand for service at these locations once they are again operational which will be January 10, 2022
- **There are also budget-material dollars still available to address requests during Jan-June for Fiscal Year 2021/22.**
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Closure of Palomino Library

- ***Palomino Library***, a shared site with SUSL, was closed permanently June 30, 2020. Staffing services from that location were reallocated throughout the department which resulted in a continued impact on the General Fund budget.

The impacts on the Library budget have not been influenced by the implementation of the Fine Free policy, but rather by careful consideration of the factors listed above.

We eagerly look forward to the reopening of all the branches in January.

I wanted to be sure you have the most accurate and updated information available.

Sincerely,



Bill Murphy
Assistant City Manager